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Some Facts About the . . .

WESTERN MORTGAGE BUSINESS:

. . . Its History and Its Outlook.

BY

T. E. BOWMAN.

SOME FACTS

ABOUT THE

WESTERN MORTGAGE BUSINESS.

ITS HISTORY AND ITS OUTLOOK,

BY

T. E. BOWMAN.

TOPEKA, KANSAS.

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EXPLANATORY.

To such of our investors as are busy men, an apology is due for submitting them this lengthy pamphlet. We have lately had inquiries from so many correspondents who are the owners of defaulted mortgages made through companies that are out of business, desiring all possible information on the various phases and present condition of the subject, that it has seemed impossible to give the full information desired in an abridged form.

While this is written, first, in the interests of ourselves and our investors, it is submitted with the hope, also, that it may prove of some value to others, who are neither interested in us or our investments.

T. E. BOWMAN.

Topeka, Kas., March 1, 1892.

THE WESTERN MORTGAGE BUSINESS.

THE writer does not attempt in this pamphlet to give a history of the western mortgage business as conducted through loan brokers and companies. His knowledge of the business is not sufficiently extended, as to time or territory, to enable him to presume to write its full history.

In this presentation of the subject, such data are presented as will give, in a general way, a knowledge of the business as it has been conducted during recent years, only attempting to give such facts as have come to his personal knowledge and observation. As far as statements are made, he means to confine himself to truths—whether damaging or helpful—and not to opinions or speculations.

My first acquaintance with the West was in 1878. During that year I made a few loans in Kansas, first for my own investment, and afterwards for my friends. Continuing these investments as other friends desired, I soon found myself fairly launched in the loan business in a small way.

In my intercourse with loan companies and their representatives while I was prospecting in the West, I gathered information that made me sensible of the dangers that beset the business; and in my first circulars addressed to Eastern investors, as well as in every circular and many private letters thereafter, I have called attention to some of these dangers, chief among which has been the impossibility of the investors knowing the character of the

men who directly place their loans. Though they might know the officers of the company and have confidence in them, they could not know the character of their agents or sub-agents who represented them at the many points in the West in which their loans were placed. The officers of the company, as well as the Eastern broker who sold the loans, were oftentimes personally ignorant as to the character of the securities which they sold to their investors.

In an address before the Kansas Bankers' Association, held at Topeka, May 14, 1889, in which the loan companies as well as the bankers of the State were represented, I endeavored to call attention to the abuses which characterized our business—especially to the fact that we were in part responsible for the results of the boom speculation. To quote from this address—

"All over the West, every city is surrounded, and many of them to distances spreading out far from their circumferences, with lands that a few years ago were good farms, now platted into lots with 25 feet frontage, with streets and alleys, and all in common growing up to a wilderness of weeds. These platted prairies are dotted here and there with houses, many of them vacant, and if tenants are secured there is no work for them to do. Stranded enterprises grown out of these have, some of them, died in such early infancy as to merit the epitaph,

"If I was so soon to be done for,
Pray, what was I ever begun for?"

"The answer to the question which the epitaph raises would be: You were begun with other people's money, and that money was loaned by other people than the owners thereof.

"The borrowing of money has been made too easy. Unwise speculation and excessive private and municipal indebtedness have thereby been encouraged. The loan business has, on the whole, been an undoubted blessing to this State. It has helped its marvelous development and growth. We are all interested in guarding against its abuses. If we adopt the rule of never loaning money on a security that would not meet the approval of the one whose money will go into it, we shall keep on the safe side."

That this rule was not generally followed, is now only too well known. This boom culminated in the Missouri Valley States in

1887. It proved to be a boomerang! The reaction was disastrous to many. A few shrewd speculators were made rich, but a far greater number were stranded. Many people who had laid by a competency became infected with the speculative fever, and mortgaged real estate which they had previously owned clear of incumbrance to obtain means to buy suburban or other speculative property, and are now encumbered with debts which they find burdensome. In some cases, people who, before the boom, were in independent circumstances, are left bankrupt, losing their entire holdings under their mortgages.

The process of readjustment, however, is now mostly completed. City properties are getting a fixed and stable value, on a basis much below that which prevailed during the exciting years of the boom, and the people of the West who were engaged in these speculations now look back with amazement at their own folly.

THE CAUSES OF THIS SPECULATION

Are apparent. They may be principally divided under three heads:

First.—During the decade ending with 1885, the farmers of the West were blessed with bountiful crops. New farms were rapidly opened up, and their products largely augmented the world's wealth. Kansas alone, during these 10 years, broke up raw prairie and placed under cultivation an acreage exceeding the entire area of the States of Massachusetts, Connecticut and Rhode Island combined. The cities of this great middle West were developing, some gradually, others rapidly, but all with a substantial growth.

During this period real estate had made but moderate advancement. The people found themselves suddenly awakened to the new conditions of their great prosperity; the possibilities of the future dawned upon them; holders of city and suburban real estate became alive to the fact that selling values had not advanced at all proportionately with the growth and development of the country; local owners of real estate began to buy more property;

farms adjacent to cities were at first bought at values but little above their worth for mere farm purposes; prices rapidly advanced.

Second.—The in-rush of Eastern capital. The formation of investment companies for acquiring real estate, and of all sorts of senseless and soulless corporations, was now begun. The rush of Eastern people seeking investments was so great in some localities that the hotels were not sufficient to accommodate the guests, and some spent their nights sitting in chairs, that they might be first on the ground next morning, believing that if they only secured lands and lots surrounding these growing cities, for any price for which they were then selling, their fortunes would be made. In this way property was sold to Eastern investors at fabulous prices. The spirit of speculation, stimulated and reinforced by the daily arrival of new investors, became a mania. Clerks and working people of small means who could not individually raise sufficient money to buy a lot joined together and formed syndicates, and for a while the "syndicate" was the popular thing in many Western towns. Many owners of farms near cities refused to sell their holdings at any price. The eager purchasers, when unable to secure the lands wanted, pushed farther out, seeking those owners who would sell, and thus additions were platted, in many cases disconnected from the city or any other platted suburbs, and miles from the business center. Suburban railroads were projected on all sides, and many were built, not to accommodate the travel of the population living in the suburbs, for in many districts there was no population, but for the express purpose of selling lots.

In the unavoidable collapse, mechanics and laborers who had been drawn to these cities and towns for employment were left without work, and must seek new fields for a livelihood. The professional boomers, also, had to "move on," some going farther west, and others heading towards the present paradise of boomers—Chicago. This largely reduced the population, so that the ex-

cessive increase of building was followed almost simultaneously by a decrease of population.

While the strongest and best cities of the West, like Kansas City, Minneapolis, and Denver, suffered, the smaller cities and towns towards the frontier, where previous growth had been rapid and hopes were high, were not less seriously affected.

The western portions of Kansas, Nebraska, and a large part of the Dakotas, had always until this period been considered adapted only to stock-raising, and to that kind of farming in a limited way which would support a sparse population. During these years, through the enterprise of railroad companies which still owned lands that they wished to sell, assisted by real-estate agents, and helped by the newspapers, which were in many cases either owned or controlled by the boomers, these frontier counties rapidly filled up with plucky settlers and greedy adventurers.

The people of eastern Kansas, and other well-developed portions of the West, who, 20 or 30 years earlier, had themselves been frontiersmen, were filled with alarm at this rapid filling up of these western frontiers. They realized the hardships that come upon first settlers even in a country that is blessed not only with good soil but a good climate, and they did not have faith that the rainfall on these frontiers was sufficient, one year with another, to produce crops to maintain this population. It was believed that unavoidable disaster and suffering would come to these settlers of the semi-arid plains.

The majority of the settlers went there in good faith. Many of them were farmers from the older portions of the West— young men and women in the prime of life; people of intelligence and education; the bone and sinew of our land. Mingled with these were many adventurers who never attempted to make a home, but who went there planning to secure land at minimum price from the Government, where there was any Government land left, or to buy it of the railroad companies, and sell at large ad-

vance to other new comers; or, failing in that, to sell it through a mortgage to the loan company which would let them have the largest loan. Strange as it now seems, loan companies entered into a sharp competition to secure loans in these districts.

THIRD.—THE FINAL IMPORTANT FACTOR IN ENLARGING AND SUSTAINING THE BOOM OF THIS PERIOD WAS THE MULTIPLICATION OF LOAN COMPANIES,

And the readiness of some of the old and most of the new companies to lend their large influence to the fostering of these speculations. To give prestige to these companies, men in the highest official positions, especially State officers, lent their names, acting in some cases as officers of the companies. They paid large dividends, though how they did it it is hard for an outsider to comprehend. They made a showing of a large increase of assets, but this increase was mostly in second mortgages, which they had taken as commissions on loans. As borrowers on the frontier and suburban and other speculative properties would pay not only a larger rate of interest but larger commissions than the farmers in the established farm regions, and as it was dividends that the stockholders wanted and would have, these loans were freely taken. The stockholders of these companies in the East were the interested allies of the Eastern loan brokers whom the companies employed in selling their loans. Besides agents and sub-agents, and in some cases sub-sub-agents, soliciting of the citizens the privilege of placing a mortgage on their real estate, there were men at almost every point who did not act as agents for any particular company, and controlled no money, but who drummed up applications, selling these applications to the large companies, who would then go forward and make the loans.

It is not within the possibilities of human nature that all of these parties having the disposition of other people's money, and passing upon the value of real estate offered as security, should have all the qualifications of good judgment and integrity which

are needed in a position so important, or that they were invariably such as would be selected in communities where they lived for holding so important a trust.

Many companies loaned on vacant suburban lots, basing the loan on fictitious values, while others did a wilder thing in making loans to build up these suburbs. The location of the property, the primary and vital consideration in city loans, was ignored. Mortgages were not only placed to build residences in localities where residences were not wanted, but they were made in large sums for the erection of business houses in localities where there was not sufficient business to transact. Costly buildings, four and five stories high, were erected on side streets, only to stand vacant when completed. Sometimes the parties who placed the loans, acting as local agents for a loan company, were interested in the ownership of the property. In the abundance of money which loan companies controlled through the eagerness of Eastern people to secure Western mortgages, competition to secure these loans was great, and the borrower usually made his loan through the company which would give him the largest amount. Thus in many cases were mortgages placed for an amount more than the property was ever worth.

THE RESULT

Is disaster to those companies that loaned to any large extent on these suburban lots or frontier farms. The Eastern investor finds himself in possession of a defaulted mortgage on a suburban lot, or a quarter-section of land far out on the plains, which in many cases means the ownership of the property; these mortgages on the frontier usually ranging in sums of from \$300 to \$700, averaging about \$500 on a quarter-section (160 acres).

Those companies which had guaranteed their loans, (and during this period many investors thought the "guarantee" an important condition of its security,) advanced interest payments to the owners of the mortgages until they could do so no longer, and then failed. The lender thus finds himself left with mortgages,

but entirely in the dark as to the security, or the whereabouts of the borrowers, excepting as shown by the loan papers. The company who made his loans is bankrupt and out of business. Frightened and discouraged, the investor in many cases sacrifices his mortgage for an insignificant sum. Individuals and companies who buy up these defaulted mortgages inform themselves of the value of the security before doing so, while the owner of the mortgage, inexperienced in these matters, in some cases practically throws away a good security. Parties have sold mortgages for a mere fraction of their face, in cases where the owner of the property, through temporary misfortune, has been unable to meet his interest, but where the real estate is adequate, and where buyers for this real estate were at hand ready to take the property and pay a bonus for the equity above the mortgage.

* * * * *

It is not my province in this place to discuss to what extent the responsibility for these results is to be divided between the loan companies, the borrowers, and the investors, or whether the loan companies and their agents should bear all the responsibility. Cautious investors, however, who were satisfied with the lowest current rates which mortgages in a good, well-developed country afforded, placed through careful and intelligent men, find themselves with good, solid investments, and are comparatively undisturbed by the results of the boom; while those who were willing to take the greater risk, and trust to less reliable agencies for the placing of their money, seeking high rates rather than sound securities, find themselves owners of precarious mortgages or of real estate that they do not wish to hold.

These two facts are to be borne in mind, and they stand out at the present time with peculiar emphasis:

FIRST.—THAT THIS SPECULATION DID NOT AT ANY TIME SERIOUSLY AFFECT THE OLDER FARMING DISTRICTS.

Farm values, even in the best and richest regions, were not largely advanced during this period. In spite of the depression

which has since rested upon agricultural interests in consequence of the exceedingly low prices for farm products, farm values but slightly declined, and are now not only well maintained, but advancing.

SECOND.—THE LEGITIMATE BUSINESS

Of the West was also but slightly affected. Its development has continued, and it is now reaching out and strengthening itself in every direction. The bank deposits in the Western cities and smaller towns are, in many cases, the largest that have ever been known in the history of the West. Its agricultural, manufacturing and commercial resources are being constantly developed. Its farms never yielded a better income than now, and its cities are securing their share of the general growth. Mortgages placed with intelligence and discrimination on well-located city property, either residence or business, in good Western cities, or on good farms in well-developed farming regions, and cared for by reliable men, have continued through all this period among the best assets of the Eastern investor.

The inflation of values above set forth, with the resultant reaction which always follows, has had either no injurious effect, or if injurious, only temporary, except upon the frontier, and upon such classes of property as were speculative or as had always been of a doubtful character. Only the vigor, recuperative force and large resources of the growing West have enabled the towns to stand up as well as they have against these adversities.

As it is an ill wind that blows no good, so these adversities bring

SOME COMPENSATING ADVANTAGES.

In previous years, rents in Western towns had been nearly double what the same accommodations would cost in the East. They are now largely reduced, though still usually above Eastern standards. This gives encouragement to manufacturers, and, with the lower cost of provisions, enables the mechanic and laborer to secure for himself larger comforts than on the same wages in the East.

The growth of almost all the Western cities is rapidly filling up the vacant houses, and values must soon again advance.

HOW SAFETY MAY BE SECURED.

An article which appeared in "The Forum" for March, 1890, by J. Willis Gleed, of this city, is generally recognized as the most complete, intelligent and judicial presentation of the mortgage question that has ever been given to the public. It should be read in full by every investor. We quote the following:

"Some suggestions as to how investments in Western mortgages may be safely made will not be out of place in concluding this article. Certain Eastern investors have already adopted the plan of hiring trustworthy salaried agents, to make and to take care of their loans. This plan is not practicable for the ordinary investor, who must depend largely on some trusted middle-man. It is first in order, therefore, to select an honest and capable broker. Here and there may be found a private broker who has clear notions of duty towards his correspondents; who makes investments for others on his own judgment, based on personal knowledge; who is content with a fair profit for himself; and who can truthfully say that he has never lost a penny of his clients' money. When such a man is found, he is a treasure. His honor is of a higher sort than the honor of most corporations; and, doing a business which is strictly under his own personal supervision, he is less likely to be imposed upon by dishonest borrowers. In judging of a loan company, a number of points should be kept in mind: What is its history, and how long has it been in existence? Are its methods of placing money the best? Does it do business in a safe territory? What is the standing of its officers and stockholders? Where do its officers and stockholders reside? . . . How is it regarded by the people among whom it makes its loans? Some of the foregoing hints may be enlarged upon. The investor must discriminate as to the territory in which the company does business. A company that loans in the arid belt is a more venturesome company than one that does not. A company whose officers and stockholders reside in the East is probably not doing as safe and careful a business as a company whose officers and stockholders reside in the territory where the investments are made. . . . Borrowers soon find out what companies make safe loans, and what companies make extravagant loans. If the investor can get some

word from the people as to the character of a loan company, he will do well. The fact that a company is reputed to be fair and just in its dealings with the borrower should recommend it to the investor.

"Let it be remembered that, because the business has proven very profitable, many wild-cat companies have been formed within the past four or five years. Such companies, managed by irresponsible and inexperienced men, have invested much money. They are ready with their guaranties, and they offer high rates, but there is no soundness in them. Tempted by high commissions, they have loaned largely in excess of the security, so that the settler who desired to go farther west or to return to the East could realize more money upon mortgage than upon sale. The wild-cat company runs a brief but pernicious course. It demoralizes borrowers, plunders investors, and seriously prejudices legitimate mortgage business. . . .

"On the whole, it is a great mistake to depend too much on the guaranty. Select such obligations as are amply secured by real estate in the first instance. Let the real estate lie in a region the future of which is assured. Let it be improved real estate, so that, if the mortgage be foreclosed, rentals can be collected."

There is one thing that holders of defaulted mortgages should not do. Having hastily made unwise investments, they should not hastily, and because of their fright, sacrifice these investments. Remember that buyers, before purchasing such mortgages, ascertain the value of the securities, and select only those that they can make the most money out of by purchasing. Acting with undue haste, many people have sold mortgages that were really worth 100 cents on the dollar the day they were sold for a small fraction of their face value. It is rare that a security taken by even the most reckless of the wild-cat companies proves worthless. Occasionally loans have been made on suburban properties in the larger cities and on poor properties in small towns where the security, never adequate, has depreciated until it is now of little value; but the great bulk of these securities will eventually pay out the principal sum borrowed, though many of them will never pay out, with the best of handling, the principal with interest and taxes added. Lands mortgaged as security, even in the semi-arid districts, all

have some value; in most cases sufficient to pay out the mortgage, if the owner of the mortgage will secure title and hold the property until a purchaser can be found. If the company that made the mortgage is still in business and is doing decently well in the care of the mortgages, they should be left in that company's hands, rather than be put in the hands of a new, though better, agent. There should, in all cases, be some agent entrusted with looking after the payment of taxes, hunting up the borrower if the property is deserted, ascertaining whether he is financially responsible, and, if payment cannot be obtained otherwise, securing title to the lands and caring for same until they can be sold.

* * * * *

The boom period has been followed by a debt-paying period. Many farmers are paying off their mortgages; others, as they mature, are reducing them. In this way, large sums of money are being returned to the East.

HOW SHALL THIS MONEY BE REINVESTED?

All experience has proved that there is no safer security for mortgage loans than good farms in a fertile and prosperous agricultural district.

Notwithstanding the loss that has come to investors in Western mortgages through the folly of the boom period, the aggregate of final loss, in comparison with losses in other classes of investments, is small. The losses incurred in investments in a single railroad have probably been greater than the entire loss in all farm mortgages in the West, from its earliest history to the present day.

There are no safer securities than good farm mortgages in a productive and well-developed and established region. Investments thus secured rest upon the very foundation of all prosperity, the great source of all production. They are beyond the reach of mismanagement, breach of trust, or crime, so often disastrous to the funds of those who have invested in securities controlled

by corporations. They cannot be affected by a board of directors. Carefully made, by competent and trustworthy parties, on the ground, on realty which is increasing in value, and which has sufficient rental or productive value to give an abundant margin beyond any contingency, they are as safe an investment as it is possible to make.

Following the war, large areas of the public domain were thrown open to settlement, and occupied by returned soldiers and others, and these lands proved among the most fertile and productive portions of the whole country, thus largely increasing our annual agricultural products.

THESE ARABLE LANDS BELONGING TO THE NATION ARE NOW EXHAUSTED, With the exception of a small area within the Indian Territory. Many of our most careful statisticians believe that hereafter the increased products of our farms cannot keep pace with the increased consumption; that at an early day, instead of supplying Europe with food, all that we can raise will be required for home consumption. All are agreed that the period of over-production of farm products has passed its meridian, and that hereafter the farm lands of the West cannot depreciate, but will advance in value.

My position enables me to speak more especially of my own State:

KANSAS.

Many Eastern people have vague and erroneous ideas regarding our State. To these *Kansas* is *Kansas*, and all Kansas mortgages are alike; and if they hear of a person who owns a defaulted mortgage on the western frontier, they have no idea but that a mortgage in the eastern counties would be equally suspicious. They do not realize that the location of one security may be 400 miles distant from the location of the other, or that one is located in the richest and most prosperous farming region in this or any other

country, while the other is located on the high and semi-arid plains that slope from the base of the Rocky Mountains.

From the northern to the southern line of Kansas the distance is 200 miles, its southern line, latitude 37° , being the same as Norfolk, Va., and its northern boundary, latitude 40° , on a line with Philadelphia, the city of Topeka being on a line with the city of Washington.

The mean temperature differs but little from the same latitudes on the Atlantic, but we are subject to greater extremes and sudden changes. During the year 1891, the mercury did not touch zero during the winter, and rose above 90° but 10 times during the summer; but this year was exceptional.

The State stretches from east to west a distance of 400 miles. If it were divided into two States, by running a line through the center from north to south, the western half being known by another name, the reputation of the State would not be injured by the experiences and vicissitudes of this semi-arid frontier.

At the eastern line of the State, the altitude is between 800 and 900 feet above sea-level. As you go west it increases, until at the center of the State you reach an altitude of from 1,500 to 1,800 feet. Further westward from this point it increases more rapidly, until at the west line of the State, you find an altitude ranging at different points from 3,000 to 4,000 feet above sea-level. This occasions cold nights and makes a poor country for corn; but more serious than the cold nights is the lack of rainfall. It is by many supposed that this lack of rain and its unequal distribution is the weak point in Kansas as an agricultural State, and this is true as applied to the whole State; but those who think we have a small average of rainfall in eastern Kansas may be surprised to know that our rainfall is, through the summer months, much larger than on the north Atlantic coast. The average yearly rainfall in eastern Kansas, covering the period of its history, has been between 34 and 35 inches; but this is largely during the growing months, the average at Topeka the last 14 years,

for the four months of May, June, July, and August, being 17.86 inches; while the average for the four winter months, including December, January, February, and March, is but 5.18 inches, our winters being short, and for the most part sunny and enjoyable.

Our State has an advantage over States both north and east of us, in allowing much plowing and other farm work to be done during the winter months. This advantage is important. There is no grain-growing State, either north or east of us, where the farmer can cultivate so large an acreage with the same help as in Kansas. Our short and open winters are also favorable for stock-raising, the most profitable industry of the State.

At Boston, the average rainfall for 17 years, ending with 1887, for these four months of summer, was 14.88 inches; for the four winter months, 16.26 inches.

As you go west, while the elevation increases, the rainfall decreases, until, at the western line of the State, it is but little more than half the amount that falls in the eastern counties, and it is not so evenly distributed through the growing season. During the year 1891, our rainfall in eastern Kansas was immense, being, at Topeka, for the three months of May, June, and July, a total of 25.42 inches—a rainfall that would have been disastrous to the crops of any of the flat, prairie States, but with the superior drainage and the capacity of our soil for absorbing the rain, this large amount was not harmful to the crops except in a few localities.

In the eastern half of the State, our rolling prairie is broken by numerous streams skirted with timber, the bottom lands—as the valleys along the streams are called—being of unsurpassed fertility. The upland or prairie soil is usually a deep black loam, but greatly varying. In some of the counties there are tracts of stony and hilly lands, not fit for tillage, but excellent for grazing, producing abundance of rich, nutritious grasses. In the eastern counties the native grasses are blue-stem and other varieties that make a rank growth, and blue-grass is rapidly working in, replac-

ing the prairie pastures. Timothy, the clovers and other tame grasses thrive wherever introduced, and are now being cultivated as far west as the center of the State. Beyond the central portion of the State, the buffalo grass begins to appear, and in the western one-third of the State the larger grasses are but seldom seen, but in their stead the fine buffalo grass, with its meager growth, but two or three inches high, carpets the plains. In the eastern counties two acres of land will pasture a steer, while in this buffalo-grass region it requires from 6 to 15 acres. Probably nine-tenths of the eastern half of the State is adapted to tillage. As you reach the center of the State, the prairies become more level and less broken, and merge into the great plains, where the soil is fertile, but where the climatic conditions are, as before explained, less favorable. As regards

WESTERN KANSAS,

It seems certain that, notwithstanding the disadvantages above referred to, the adapting of agriculture to the climate, which experience is teaching the farmers, insures a future of certainly a larger degree of prosperity than during its early settlement.

The writer does not pretend to any intimate knowledge of this western portion of Kansas. He has, perhaps, been too much prejudiced against it, having always warned investors not to risk money in mortgages in these western counties. He would now, however, warn those who have done so not to throw them away.

Perhaps the report made by Mr. Henry M. Cleveland, of Hartford, Conn., who, during the past summer, in the interests of insurance companies and other investors represented by him, made a careful and thorough investigation of the western portion of this State, is as intelligent, unprejudiced and reliable as any one paper that has been presented. Mr. Cleveland is the same gentleman who was appointed by the State of Connecticut, in 1877, to examine the real estate in the West, held under mortgages amounting to about \$50,000,000, by the various insurance companies and

other corporations of his State, and is rated as a man with the highest qualifications for that business. In his report of last July, he says:

"It is conceded by everybody that the central and eastern parts of the State possess almost unlimited land resources, and that the soil and seasons are favorable for the production of grain, stock, etc. The assaults that have been made upon Kansas have been aimed mainly at the western third of the State. It has been said and written over and over that the land is poor, that they have no rainfall there, that nearly all the farms started there had been abandoned, and that all the money loaned on farms there would be lost. Now, it is true that farms there have been given up, some voluntarily and some by foreclosure—and the explanation is clear; all the men who have abandoned their farms in the way named were in two classes. One class would go there, take a quarter-section of Government land, break a few acres, build a sod house, do nothing until the time came to prove up and get title, and then borrow all the money they could on the farm, which meant a sale to the lender. The other class were men who went there from the corn States and tried to raise corn, which cannot be done successfully in that part of the State, for the reason that the altitude is too high, the nights are too cool, and that August and September are the dry months which damage the crops. Some of these men got discouraged and went off; others began to raise wheat, and did well. Winter wheat is the safe, great crop of western Kansas. It is planted in the fall, the winter rains and snows keep the ground in fine condition, and the crop comes off before the dry weather sets in. With rare exceptions, the men who went into western Kansas during the last 10 years, intending to stay, are there now, (if living,) and are in independent circumstances, most of them; and some of them are moderately rich."

FUTURE DEVELOPMENT CERTAIN.

Although the reaction from the boom period, of which the hasty and premature settlement and reckless loaning on the frontier was a part, and the uneasiness and dissatisfaction in some quarters which have resulted from the foolish demands of the Farmers' Alliance leaders, have been in their influence adverse to our State, and have slightly retarded its development, they have in no wise stopped it. These causes have taken from our State some of our

floating population; the opening up of Oklahoma has taken others; but the development of our State goes on without interruption. Kansas continues, and will continue in the future, as in the past, to fulfill the prophecy of our State motto, "*Ad Astra per Aspera*" — "Through adversity to the stars."

Our State has had many adversities, each one of which has been but a stepping-stone to larger development and grander achievements. As has been the past, so is to be the future; as our State has the resources and the people that are the making of one of the grandest commonwealths upon which the sun ever shone.

THE RAPID DEVELOPMENT OF OUR GREAT NATURAL RESOURCES
CONTINUES UNABATED.

Let us look at some data showing the growth of the State from the time the writer first made it his home, in 1878, to the present time, and going back to 1875 for population only.

As to population:

The population in 1875 was.....	528,349
The population in 1878 was.....	708,497
The population in 1880 was.....	996,096
The population in 1885 was.....	1,268,530
The population in 1890 was.....	1,427,096

As to assessed valuation, in even millions:

In 1878, it was.....	\$138,000,000
In 1880, it was.....	160,000,000
In 1885, it was.....	248,000,000
In 1891, it was.....	342,000,000

As to the value of farm products: The Secretary of our State Board of Agriculture has not figured the value of farm products for the State for the earlier years, but, for the biennial period of 1885 and 1886, the value of farm products, including live stock sold, was \$264,000,000; for 1887 and 1888, \$275,000,000; for 1889 and 1890, \$283,000,000; while for the single year of 1891 our wheat crop, 58,000,000 bushels, corn crop, 139,000,000 bushels, added to our minor crops, and live stock sold, make a

total cash value of the farm products of the year, \$178,000,000. In contemplating this grand result of the year's labor, our great apostle of financial lunacy, Senator Peffer, must have experienced a lucid moment, as his paper, the *Kansas Farmer*, in presenting these figures, says: "Comment is unnecessary; the plain figures eloquently demonstrate the importance of the farmers of Kansas, their diligence, and their success."

The above includes only the agricultural products of the State. Our manufactories and mines are also growing in importance. Our coal mines largely contribute to the supply of our home market; our salt mines already largely supply the whole West.

The aggregate value of all live stock of the State at the close of the year 1891, as given by the Secretary of our State Board of Agriculture, is \$117,000,000, thus showing the value of the farm products for the year 1891, \$178,000,000, added to the value of live stock on hand, to be \$295,000,000, as contributing to make up the wealth of the farmers of the State in personal property; an amount which would pay the entire farm mortgage indebtedness of the State, as given by the census reports, \$174,000,000, and leave every farm clear of incumbrance and a surplus of \$121,000,000.

The statistics gathered by the secretary further show that a larger acreage has been added to the cultivated area, as well as larger values realized, during the last two years, than during the period of the boom, a gain of nearly 2,000,000 acres being added during that time to our area under plow, or two-fifths the area of the State of Massachusetts.

THE PRODUCTIVE GROWTH OF THE STATE

Is further indicated by the packing business at Kansas City, which draws its supplies principally from the farms of Kansas.

The number of hogs and cattle slaughtered at the Kansas City packing houses was, in round numbers, as follows:

Year.	Cattle.	Hogs.
1878.....	18,000	349,000
1880.....	30,000	539,000
1885.....	78,000	1,529,000
1891.....	511,000	2,223,000

Besides the immense growth of the packing business at Kansas City, now the second city of the Union in the packing business, packing houses have in the last four or five years been established at other points within the State, those at Hutchinson and Wichita being most important.

THOUGH WE ARE PRE-EMINENTLY AN AGRICULTURAL STATE, OUR
GROWTH IN MANUFACTURES IS NOT LESS SIGNIFICANT.

The total capital invested in manufactures within our State was —

In 1878.....	\$6,000,000
In 1880.....	10,000,000
In 1885.....	19,000,000
In 1887.....	35,000,000
In 1889....	51,000,000
In 1891.....	60,000,000

This last date being estimated by State Labor Commissioner Betton.

The railroad mileage in our State has increased as follows:

In 1878, it was.....	2,427 miles.
In 1880, it was.....	3,439 miles.
In 1885, it was.....	4,168 miles.
In 1890, it was.....	8,882 miles.

Having more than doubled since the year 1885. Anyone who will look at a recent railroad map of our State will see at a glance that about three-fourths of this railroad mileage is in the eastern half of the State, where different railroads have built out in all directions to reach the prosperous cities and towns, and secure a share of the immense freightage of farm products. Though our mileage (mostly, as above stated, in the eastern half of the State) at this date, 1890, exceeded that of any other State in the Union, excepting Illinois alone, our railroad facilities during the past fall and early winter were taxed to their utmost to handle the crops, and the cry of "More cars" was raised in vain at almost every point.

PROGRESS IN EDUCATION.

A FERTILE SOIL IS ESSENTIAL, BUT THE CHARACTER OF THE PEOPLE IS
THE FIRST REQUISITE TO A PROSPEROUS STATE.

The *Chicago Times* of recent date has the following, not undeserved:

"Kansas can boast a greater diffusion of popular education, and a smaller percentage of illiteracy and crime, than any other organized community on the face of the globe; and for all that pertains to a strong and vigorous State the history of civil society furnishes no parallel."

The 84th bulletin of the Census Report of 1890, recently issued, shows our State to lead every other State in the Union in the proportion of children in our public schools to the whole population, Kansas having 28 per cent. of its total population in its public schools, the smallest enrollment being in Louisiana, which has but 11 per cent., the great Empire State of New York having 17 per cent., and the grand old commonwealth of Massachusetts having 16 per cent. This disparity is partially accounted for, however, by the larger attendance at private and parochial schools in these Eastern States; but after making allowance for these, the State of Kansas, with its population of about nine-tenths American-born people, of the best blood of the New England and Central States, is certainly second to no State in the Union in its average intelligence and its interest in popular education.

As showing the increased progress and prosperity of the State, let us look at the attendance of our higher educational institutions that are supported by the State.

As to the State Normal Schools:

The attendance at our chief State Normal School, and the only one supported wholly by the State, located at Emporia, was in 1878, 130; in 1880, 199; in 1885, 605; in 1891, 1,306.

At Fort Scott, the attendance at the Kansas Normal College was, in 1878, 75; in 1880, 125; in 1885, 400; in 1891, 700.

Our State Agricultural College, at Manhattan, had an attendance in 1878 of 207; in 1880, of 276; in 1885, of 428; in 1891, of 593.

At our State University, at Lawrence, the attendance in 1878 was 361; in 1880, 440; in 1885, 471; in 1891, 603.

The smaller apparent growth of the University, as compared with the other State schools, is more than accounted for by the fact that during the last few years the preparatory and normal departments, which in its early history included a majority of its students, have been gradually, and now finally, discontinued. The increase in the normal schools does not fully indicate the increased attendance at this class of schools, as, besides these noted, there has been one inaugurated at Great Bend within the last five years, that now has an attendance of upwards of 400 scholars, 90 per cent. of whom are reported as paying their way by their own labor; and denominational and other private schools and colleges have multiplied in all parts of the State, until now one is found at almost every county-seat, excepting in the far western counties.

There is an enthusiasm, enterprise, State pride and loyalty among our people in the cause of our public schools, and particularly among the teachers of the State, that is not found to the same extent in any other State in the Union. This is proved by the attendance, unparalleled in any other State, at our teachers' State conventions, which are held annually in Topeka during holiday week, which bring together the teachers from the remotest school districts, the attendance having reached as high as 2,000 on these occasions.

Another feature of our educational system, which is of immeasurable value as a progressive factor, is our county institutes, which are really normal schools, practically free to every teacher or

person aspiring to be a teacher within the State. They are held at every county-seat in the State during the summer vacation, and continue for a full month, led by the best teachers and educators obtainable.

This progressive spirit in educational matters is largely accounted for by our freedom from foreign population.

By our State census of 1885, not only the nationality of all our people, but the State or nation from which they migrated to Kansas, was ascertained. It shows that only about one-tenth of the population, 132,675, is of foreign birth, and these mostly Germans and Swedes, while the great bulk of our people came from the central States, a greater number (134,703) coming from the State of Illinois alone, than from all foreign countries, our people being mostly of ancestry who came from New England and New York a generation before.

In our large growth in all desirable directions, it is gratifying to know that the population of our penitentiary within recent years has decreased, having in 1888 an average of 937 convicts, and in 1891 an average of 894.

THE ALLIANCE.

It is too early yet to sketch the rise and fall of the Farmers' Alliance. As a social and industrial organization it will doubtless continue for years to come as an agency for good. As a political factor in the history of Kansas, it seems to have reached the climax of its power with its first vote, in 1890, when it elected to Congress five of our eight Representatives, and elected a Legislature that gave us Mr. Peffer in the Senate.

In the fall of 1891, the Alliance was defeated at the polls throughout the State. As a political power it shows signs of a general disintegration. A large proportion of the men through whose votes these visionary leaders were elected to Congress fully realize their own foolishness in sending such financial lunatics to

our national capital to represent them. Reason has returned, and the vagaries of this congressional delegation are repudiated by the majority of their constituents. Whatever the Alliance or the People's Party may be able to do in the future in other ways, it seems certain that there will never again be any serious attempt in our State Legislature at legislation adverse to the interest of money-lenders; as self-interest demands from the people of Kansas a continuation of all safeguards to money-loaners, to prevent money now invested in the State from being withdrawn, and to insure an abundance of capital, without which higher rates would prevail. The decisions of the highest court in the land, that no State legislation can invalidate present contracts, is an additional and important safeguard.

THE CAUSES

Which led to the formation and rapid growth of the Alliance are plain. They were in accord with the general spirit of industrial organization for protection and self-interest throughout the world. Their hostility to corporations, and to what Senator Peffer with his usual vagueness calls the "money power," sprung, in Kansas, not so much from the fact that the debtor class is large, and that debts, always burdensome, were found more burdensome than usual during the period of hard times resulting from boom reaction and low prices for farm products, as because the people of the State felt that they had been largely wronged, and their seeming triumphs at the polls in recent years turned into defeats, by the successful manipulations of corporations. The voters repeatedly elected Legislatures and State officers upon the issue of lower rates and the State supervision of railroad charges through railroad commissioners, and were repeatedly foiled. An unseen but powerful influence prevented the needed legislation. When at last secured, it was found that the lower rates which were obtainable saved the people not less than \$2,000,000 annually in railroad charges, and still they

were not cut down to an unreasonable figure, and did not prevent the building of new lines by almost every company operating in this State; and here again the people were cajoled into voting bonds for these new roads, until lines paralleled each other into almost every county-seat. The people who have voted bonds, through which the money to build these roads has been largely furnished, finding that the increased railroads do not bring them, as they expected, either lower rates or boundless prosperity, are, in accordance with the general infirmity of human nature, indignant, not at their own folly, but at the railroad companies, and hence an added cause of hostility to corporations, and an antagonism, sometimes blind, to money influence.

Having been disappointed in obtaining the desired legislation from the Republican party in repeated Legislatures, on the railroad question, and having secured that legislation under the Democratic Governor Glick, though with a Republican Legislature, in which they had been previously disappointed, and imbued with visionary theories, they thought that the remedy for their ills lay in legislation, and that the only way to secure prosperity was to change the laws. But time and discussion have eliminated all these follies, as they inevitably will with an intelligent people, and the people of Kansas generally realize that the interests of creditor and debtor, of capitalist and laborer, are so interwoven as to be inseparable by legislative enactment; that the best way is the safest way, and that is, to do right by all concerned.

SELF-INTEREST,

The motive most to be relied upon in human affairs, forbids any legislation adverse to capital, as it would injure the borrower more than the lender; and the Alliance people of Kansas have had their eyes opened to that fact.

The farmers complain that they have not in recent years received a fair proportion of the augmented wealth of the country. No intelligent person can claim that they are not receiving a

larger reward for their toil than they received a generation ago or at any time previous. They have surrounded themselves with comforts in their homes, with farm machinery, enlarging their ability of production, and other necessities for facilitating and rendering more easy their toil; they give their children larger opportunities of education than were ever dreamed of until the present day.

TOPEKA.

Our city was laid out on a wise scale by its founders. The streets running north and south are 100 feet wide, with occasional avenues 130 feet wide. The east and west streets are 80 feet in width, with avenues 130 feet wide. A liberal portion of the streets and avenues on each side is devoted to parks. During recent years our principal streets have been paved, mostly with asphalt and vitrified brick, and we have an unsurpassed system of street cars, run by electricity.

It is a city of homes, schools, and churches, the pride of all Topekans and the admiration of all visitors. In the intelligence of its people, its high morality, its social and educational advantages and attractions, it is second to no city of its size, east or west.

Its good order, absence of saloons, drunkenness, and crime, its cleanliness and healthfulness, make it an especially desirable place for a home.

Besides its splendid public schools, it has Bethany College, occupying a park of 16 acres in the heart of the city, a large and prosperous seminary for girls; Washburn, just to the southwest of the city, with a campus of 160 acres, a grand and growing college for both sexes.

Our industries are important, and insure our continued prosperity. The shops and general offices of the Atchison, Topeka & Santa Fé Railroad, rank first in importance, though our flouring mills, with a capacity of over 2,000 barrels daily, and other industries, are also important.

Compared with other Western cities, it suffered but little from the boom period, though its citizens invested in a few additions beyond our actual necessities.

The opening up of Oklahoma, simultaneous with the boom collapse, took from our population probably 3,000 or 4,000 people, which is made more than good by natural growth since that time.

Our population in 1880 was 15,452; in 1890, by Government census, it was 31,007. This did not include the suburban population, to the number of several thousands. Our present population, including the suburbs, is about 38,000. Desirable residences are now hard to obtain. Our city is again becoming filled with people, and building activities must soon be resumed. Our city is yearly sought as a home by people of means, not only from all parts of Kansas but from other States, who desire to avail themselves of its educational and social as well as business advantages. It is not only the political capital of the State, but is, and always will continue to be, the center of wealth and educational and social influence.

MORTGAGES ON FARMS IN EASTERN KANSAS AS COMPARED WITH MORTGAGES IN OTHER LOCALITIES.

Many who have funds to invest, and who prefer to have their investments in mortgages, ask themselves whether they cannot get as good rates at home. The answer is, "Not on as desirable securities." In New England the maximum rate for loans that are at all worth considering is 6 per cent., and mortgages are placed from that rate down to 4 per cent. on the choicest class of securities in the large cities. In eastern Kansas the minimum rate to the investor is 6 per cent., which means a minimum rate of 7 per cent. to the borrower, excepting in large sums, and the maximum rate is much higher. As it is only the best securities that get the lowest rates, one should be sure of obtaining the very choicest kind of securities at 6 per cent. in eastern Kansas.

It is true that 7 per cent. and 8 per cent. mortgages are advertised and sold by Western loan companies, but these, you must remember, are usually on the undeveloped and uncertain frontiers, in new and over-ambitious cities, or on stores and other business buildings outside of business centers—properties that have a speculative and uncertain value, based upon expected future growth. No mortgage is desirable in which the security has not a stable value, with ample productive income.

There is no class of mortgage investments in New England, excepting possibly the choicest business properties in the large cities, where foreclosures have been less frequent than on farms in northeastern Kansas. The farm security of New England is not to be considered in comparison, and the average city or village property of New England does not usually rank on a par with this class of farm securities. Eastern farms continue to decline in value, and town properties in most cases have an element of uncertainty, depending upon the success of manufactures or other local business which affords employment. One private investor in northern Vermont states that he owns 150 farms that he has been compelled to take under foreclosure, and Vermont is as good a farming State as any in New England.

The savings banks of Massachusetts are as conservatively and economically managed, and are doubtless under as wise a system, as any financial institutions in our country; yet less than 15 years ago these savings banks were so loaded up with real estate that they had taken under foreclosure, that they were unable not only to pay dividends, but, under special legislation which was enacted for their protection in this crisis, many of them were practically suspended for a year and upwards, and some of them much longer.

In these northeastern counties of Kansas, years have passed by in some counties without a single foreclosure. A large proportion of the farmers in these counties are free of debt, and others are rapidly reducing their mortgages.

CORN IS KING.

While our wheat crop for the year 1891 was 58,000,000 bushels, wheat is not in our State so certain a crop as corn, neither is it so profitable a crop to the farmer in any good corn region for a term of years. A large production of corn means a large production of live stock to consume it. We are too far from market to ship our corn with the greatest profit to the farmers. It should all be fed on the farms. Live stock—fat cattle, hogs, horses, sheep—sell for practically about the same price on the farms of Kansas as on the farms of New England, New York, or Illinois, and the farms of eastern Kansas must rapidly appreciate in value, until they approximate the prices of the best lands of Illinois, or the Genesee valley. Corn shipped to market in this concentrated form always brings a remunerative price, as the freight rates take but a small per cent. from the value. The great adaptability of eastern Kansas, not only to corn, but to a diversity of crops, gives it large advantage over the wheat districts, as well as over cotton districts, or any section of the country that is dependent upon one crop.

Our country is adapted equally as well to fruit as to grain. The orchard is becoming an important factor in the average farmer's prosperity. The markets of Colorado and other mountain States and Territories on the west, as well as the markets to the south and east, take largely of all of our surplus.

There is one apple orchard about 25 miles from Topeka, of 370 acres, from which the owner sold apples amounting to \$50,000 during the year 1890. The same man has now a young orchard growing, of nearly twice this size, in this county.

IN TAKING THE RECENT CENSUS,

The department selected five counties in different portions of the State of Kansas, in which detailed information was secured as to mortgages. These counties represent all portions of the State, and the census bulletin, just published, shows that the mortgages

of the State are most largely in the western counties. As shown by this report, something less than two-thirds of the farm lands of the State are covered by mortgages, leaving nearly 40 per cent. of the lands unincumbered.

One of the counties thus selected was the county of Jefferson, which adjoins Shawnee county, of which Topeka is the county-seat, on the north. In this county only 39 per cent. of the farm lands are under mortgage; while in Decatur, the county selected to represent the western part of the State, 74 per cent. of the farm lands are mortgaged, thus showing that the burdensome part of the mortgage debt of Kansas is in the western part of the State. This report further shows, that in Jefferson county 77 per cent. of the mortgages were made for the purpose of purchasing real estate and making improvements, while 9 per cent. were made that the money might be put into business enterprises, and only 2 per cent. were made for farming and family expenses; *and 36 per cent. of this indebtedness is owing to the residents of Kansas, and not to Eastern people.* This report further shows, and it has been shown by other statistics, that the mortgage indebtedness of our State is now rapidly decreasing; but as these statistics have been placed before the public through the newspapers, it is not necessary to further recapitulate them here.

* * * * *

Investors ask themselves, "If I am to send my money West, cannot I secure higher rates than 6 per cent., with safety, by going into the newer portions of the far West?"

Higher rates can be obtained in the Rocky Mountain regions, and also on the Pacific coast; but the terrible reaction that has been visited upon the southern Pacific coast from the excessive speculations of years gone by, and the great depreciation of property there, and the uncertain elements that make up the conditions of the mining communities of the Rocky Mountain regions, indicate a greater uncertainty of permanent values than in the well-developed agricultural districts of the Missouri valley.

Borrowers on irrigated farms in Colorado pay 10 per cent. interest, while the farmers of eastern Kansas can obtain money more readily at from 7 per cent. to 8 per cent.; but these irrigated farms have little value unless their water supply proves certain in dry times. In many localities it has utterly failed them when most needed.

Then, too, the question of titles to the water is an important factor. Millions of money have been sunk in irrigation enterprises, because of the fact that prior rights to the use of water cut off these later companies from its use until those having the first right by priority have been supplied.

Colorado is a good little State. The entire annual product of the mines and agriculture of the State combined are reported as \$54,000,000, and the total product of gold and silver for the entire country, as given by the director of the mint, is less than \$80,000,000 per year. Our mines are important; but a comparison of these figures with the farm products of Kansas, or of our other best agricultural States, shows that it is the agriculture of our country on which we rest as the chief source of our prosperity.

If one places his money at home, he has the care of examining titles and drawing of papers, looking after taxes, insurance, and collections, during the life of the loan, unless he employs an agent to do this for him. Of this care and expense he is entirely relieved if the money is placed with a responsible Western agent; so that 6 per cent. net to you, with semi-annual interest payable at your office or home, if you can have the assurance of adequate security, is an investment that it is hard to equal in any other line.

Farmers, if they go into the semi-arid regions and try to farm as they do in the agricultural regions, will fail. They cannot succeed there unless they adapt their agriculture to the climate. Mismanagement, shiftlessness, and sometimes unavoidable misfortune, will bring failure to others in the best farming districts, but to a much less extent than to any other class.

THE FINANCIAL STRENGTH OF NORTHEASTERN KANSAS.

There is not a county in eastern Kansas where one cannot find hundreds of men who have made all they own out of the soil on which they live, who are worth from \$10,000 to \$20,000 each, clear of all indebtedness, while some are worth \$50,000 and upwards, acquired by their own toil and savings. The fact that the carefully-gathered census statistics, just made public, show that only about one in three of these farms, as shown in Jefferson county, is incumbered by mortgage, is in itself a sufficient evidence of their thrift.

That the farmers as a class cannot pay their debts, is about equivalent to the other saying that the world is bankrupt because there is not half money enough in the world to pay its debts.

Where shall one seek safer securities than this class of farm mortgages? Not in railroads. Railroad stocks are not to be considered in comparison. Not in railroad bonds. The farm mortgages of Kansas are \$174,000,000, as shown by the census; we will put against this fact the figures given by the Railroad Commissioners of the State of Kansas, report of 1891, that the railroad bonds now outstanding on roads in this State alone are \$213,000,000; thus the mortgages on railroads in this State are \$39,000,000 in excess of the entire farm mortgages of the State. If a farm mortgage is foreclosed, the owner of the mortgage secures his pay when the property is sold, or, if he has to take it, he secures absolute title and control, and can sell when and to whom he pleases. If a railroad mortgage, which is supposed to be a first lien, is foreclosed, it is kept for a term of years in the courts, and instead of this mortgage being a first lien, the courts allow a receiver to make repairs, purchase necessary equipments, and generally run the road, giving claims therefor priority to the first mortgage.

More profitable securities than these Western mortgages are not now sought in the South, in the light of recent experience with

Southern mortgages and Southern town and development companies.

So money accumulates and remains idle, waiting safe opportunities for investment, and finally comes back to good mortgages as the safest and most satisfactory of the whole list.

Kansas people are borrowers, and will be for years to come; but, as compared with other States, they are not poor. Debt is always a burden, and the mass of people save slowly and only by toil and economy, but our people are getting ahead.

The assessed valuation of our State at the present time is \$342,000,000; but, under our system of assessing property, it is only placed at one-fourth of its value, and every tax-payer has \$200 exemption, which usually means that several times that sum is exempted. Many people of considerable means escape taxation entirely; so that the actual valuation of our State at the present time is not less than \$1,500,000,000, or fully \$1,000 for each man, woman, and child—a larger per capita valuation than is shown by some of the States who send their savings to Kansas in order to find employment and safe security in mortgages.

THE BUSINESS OF T. E. BOWMAN & CO.

It is now nearly 14 years since the writer commenced making investments in real-estate mortgages in Kansas. These were made first in a small way for the investment of his own funds, and having friends who desired similar investments, he immediately found himself investing for other people. Through the confidence and kindness of these friends this clientage increased, until now our firm has 360 investors, including savings banks, colleges, orphans' homes, and other philanthropic institutions. We have a constantly-increasing number of Kansas investors, having now about 20 in Topeka.

The current mortgages on our books now amount to about \$2,000,000. A large portion of this sum has been collected and

reinvested, some of it several times over, and without loss to a single investor, and with comparative immunity from foreclosure.

We have not sought, and do not wish to do, a large business, but only of such limited amount as can have our personal attention. During the boom period we could have made nearly double the amount of loans we did make, had we accepted all the money that was offered.

WE ARE ON THE GROUND WHERE WE MAKE OUR LOANS,

And consider each application for a loan on its merits, and make the loan or reject it accordingly.

We have never in all our experience made a loan on a hotel security. We never make loans secured on business property where the payment of the loan is at all contingent on the success of the business, such as flouring mills and other manufacturing properties. We have not, and never had, to our knowledge, a dissatisfied investor. We allow interest on money sent us for investment from the date it is received, and also allow interest on money until it is reinvested; so that there is no loss of interest to the owner from the date it reaches us.

IN MAKING INVESTMENTS,

We prefer to submit to the investor several applications to select from, where it is possible, but many investors insist on our making the selection of the security and leaving everything to us. It really amounts to about the same thing, as it is the *person on the ground* who examines the security, and knows all the facts as they actually are, who alone can form a judgment intelligently. It cannot be safely based upon what is made to appear on paper by the applicant. We always have on hand completed papers in loans in various denominations, usually ranging from \$200 to \$10,000.

Our business has been principally in the northeastern counties of the State. In its early history we made some loans towards the central part, especially the south central part of the State; but when the boom struck that portion we thought it advisable

to pull out, and have had at least six loans paid off there within the past three years to every new one we have made. We do not state this in disparagement of that portion of the State, which is blessed with almost limitless fertility of soil, a people who are unsurpassed in intelligence and enterprise, and who have doubtless a grand future before them. They have, however, suffered, especially in their towns, from the boom period, as heretofore narrated, and from the consequent inflation of values continued for a short period, only to react to the other extreme.

Our new business for the last few years has been confined almost wholly to the northeastern counties of Kansas. That there is no better nor safer territory in which to place loans, we believe is conceded by every one who has, either by experience or by residence, or extended personal investigation and travel in this district, made himself qualified to judge. The desirability of these counties as a safe place to invest in farm mortgages is evidenced, not only by the great productive value of the farms, the high character and intelligence of the inhabitants, and their comparatively small indebtedness, but from the infrequency of foreclosure of farm mortgages in these counties.

During nearly 14 years of our loaning experience, in which time our loans have been placed principally in this vicinity, we have never had to sell under foreclosure a single farm to collect payment, in any of the northeastern counties. We have two mortgages in which we have commenced foreclosure because of complications in title, growing out of transfers since the loans were made; but there are buyers ready to take the farms for much more than the amount of our mortgages, double the amount of the mortgage being now offered for one of them, in cash, as soon as title can be cleared up, which can only be done by sale under foreclosure.

We must admit that it is partly by good fortune as well as good management that we are able to show so good a record in these farm loans, as no loan is ever placed, no matter how large the

security, but that foreclosure may be possible. Owners die; they fail in business; husbands and wives quarrel and separate; property changes hands, and present owners have judgments against them so that they cannot make sale and give title; in these ways legal complications arise; these are some of the reasons why a mortgage, though amply secured, may have to be foreclosed to enforce payment; so that the mere foreclosure of a mortgage is not in itself any matter of alarm. As our

METHODS OF DOING BUSINESS

Differ in important particulars from those usually practiced by loan companies, we will here make a full explanation:

If we have one factor of strength which, more than others, gives us advantage, it is in that we have endeavored to follow a line of procedure in our business with borrowers that would secure their confidence and good-will. To do this, the first thing is to make it for the interest of the best class of borrowers to come to us when they desire loans. The usual custom, as is known, with most companies, is either to charge a cash commission for making the mortgage, or to take a commission mortgage, which is placed as a second lien on the property, in payment of commission. This last method necessitates the expense of recording an additional mortgage, having same appear on the abstract in future, and has been from the first unsatisfactory to the borrower, and, in the more recent history of the business, has proved even more unsatisfactory to the lender. A large part of our loans we have made to borrowers at a straight rate of interest, and turned them over to the lenders, netting them 1 per cent. less than the borrowers pay. Thus, a mortgage written to the borrower at 7 per cent., and turned to net the lender 6 per cent., gives a difference in interest of \$1 per year on each \$100, or a total of \$5 on each \$100 for the five years the mortgage has to run. The present worth of this \$5, computed at 6 per cent. compound interest for the five years, is \$4.28 on each \$100; so that the lender paying us this

bonus or commission on the loan receives thereafter the full 7 per cent. on the principal, at which rate the papers are written; but it nets him exactly 6 per cent., the bonus he pays bearing him thereafter 6 per cent. semi-annual compound interest, the same as the principal note, and is returned to him in the payment of each coupon as it matures.

We make some loans, however, where parties are willing or prefer to pay cash commission, and are always able to satisfy investors who prefer to make their mortgages at a straight rate of interest to them. Experienced investors, however, care little as to which of these methods we use in making their loans, their chief concern being to secure the best and safest mortgages.

We do not guarantee our mortgages. The time has now passed when investors desire to depend upon the guaranty of a loan company for the security of a mortgage. We do guarantee faithful and intelligent care in placing the loans, and in looking after them until they mature. We try to see that every loan has the guaranty of an ample margin of good, productive, real-estate security, and we make it a rule never to loan to a borrower, no matter how good his security, unless there is a reasonable certainty that he will be prompt in his payments. We are now taking care of defaulted mortgages made by a dozen different loan companies. The very worst mortgages of the lot are those that are guaranteed. Some of them have the guaranties of two companies.

It is doubtful, at this time, whether a single one of all these guaranties adds a penny to the value of the mortgage.

No investor has ever lost a dollar through our mortgages. We trust no one ever will, but cannot insure this.

OUR RECORD, AND THE CHARACTER OF THE SECURITIES

Behind the mortgages now held by our investors, is the best guaranty we can offer.

An abstract of title is furnished by the borrower in every case,

showing title by a direct chain of ownership from the Government to the present owner. We exercise every care, and submit every title to the careful scrutiny of our attorney, who certifies to its legality.

Real-estate titles in the West, however, are much less complicated than in the East, and we have never yet known an investor in a mortgage to lose in consequence of a defective title, though we have known of a number of instances where, through the carelessness of the loan companies or the rascality of their agents, previous mortgages for which a loan was really a renewal had not been paid.

The contract of our mortgage is so drawn, and is sustained by the courts, that in case of failure to pay interest when due, or any default in payment of taxes or insurance, or a breach in any condition of the mortgage, the mortgagee may pay taxes and insurance, and the money paid, with interest thereon, becomes a lien on the property under the mortgage, or the loan may be declared due, at the option of the lender.

A complete set of mortgage papers includes application, abstract of title, note with coupons attached, mortgage, and insurance policy, if insurance is carried. We always, unless otherwise instructed, record mortgage in the name of the owner, so that no one can make release but the owner, and if the papers are lost, there is no possibility of the borrower's getting rid of the payment, as the records prove the debt. We always forward all papers, excepting the insurance policy, to the lender, to be held in his name until loan is paid. As insurance is subject to change, we usually send a memorandum showing the data of the policy on file in our office. Some, however, prefer to hold the policies themselves, in which cases we always forward the same. Many of our investors, also, prefer that we hold their abstracts, as they are sometimes bulky, and occasionally the owner wishes to borrow same during life of the loan. Where lender wishes us to hold the abstract, we prefer to forward same for his examination, as proof of title, as we

believe all papers should be submitted to the investor. Afterwards he can return same for us to care for. Once having satisfied himself in the matter, the abstract is of no further use until the loan is paid off.

Unless otherwise instructed, we always record the assignment of every mortgage in the name of the owner before forwarding papers.

The general neglect of this by mortgage corporations, and the acceptance of loan papers by the investors, with the assignment unrecorded and mortgage remaining, as first recorded, in the name of the loan company, we have always considered, and it has now been abundantly demonstrated, to be an unsafe practice. When it is desired by the investor, we make loans payable at his office; otherwise our loans are made payable at the office of the Boston Safe Deposit & Trust Company. Practically it makes little difference how it is written in the mortgage, as we collect both interest and principal at our office and forward by draft to to the office or home of the investor.

We forward all important papers to the lender by prepaid express, when on the main express line; otherwise by registered mail. Papers that have been paid off can be safely returned by ordinary mail, as, should they be lost, the loss could be remedied by executing a separate release; but we have never yet lost any valuable papers in transmitting either through the mails or by express. In returning papers to us *for collection*, that is, in cases where the money has not yet been paid to us by the borrower, they should be sent by express or registered mail.

OUR RECORD BOOKS

Show full description of every loan, and its history from the time it is made, showing at a glance at any time when each coupon was due, when paid, whether taxes had ever become delinquent, when insurance should be renewed, and all facts necessary to protect the interests of the investors.

We send notice to all borrowers from 30 to 60 days in advance

of insurance expiration, and, if they neglect to place renewal policy in our hands, we take out same, as provided for in the mortgage. In case of default of taxes, we notify the owner of the property.

If any property goes to sale on account of non-payment of taxes, we buy the tax certificate, and hold it for the protection of the mortgagee, until redeemed by the owner, and call his attention to the fact that his mortgage is liable to be declared due by the lender, if not promptly redeemed.

In remitting the proceeds of interest coupons as they mature, we have an understanding with all of our investors that we, where necessary, advance the payment of one coupon, which remains a lien under the mortgage, coördinate with the principal note and remaining coupons. In every remittance our letter states this fact, as follows:

"In order that our investors may receive their interest promptly, it has been our custom to remit all interest in season to reach them promptly on the first of the month when due. It is understood that, to do this, we in some cases advance the money and collect of the borrower after remitting. The remittance hereby inclosed is made and accepted by the owner of each mortgage with this understanding, and that any money so advanced, not exceeding one coupon on any mortgage, shall remain a lien upon the mortgaged property equally with the principal note and remaining coupons until interest shall have been paid to us by the borrower."

This enables us to forward our check a little in advance of the maturity of the coupon, so that it is in the hands of the investor on the first of every month when due, and leaves a full understanding between him and ourselves as to the status of every loan, and has worked to the perfect satisfaction of all parties at interest.

We have a few investors who prefer, and who so instruct us, that we shall never forward an interest payment until it is collected from the borrower, but in all other cases we forward under the above plan. We have a number of investors, large capital-

ists, and institutions, who have large sums of money invested with us, some of these investments having been in our hands during the past 14 years, in which the money has been collected and re-invested several times over without loss, and where the interest collected and returned has already amounted to more than the principal sum, and where they have not failed in a single instance to receive check for the coupons during this whole time on or before the day on which they matured.

OUR INVESTORS

Have, without exception, found the receiving of the interest check at their own office or home on the day that it is due more satisfactory than collecting their coupons through the bank.

Practically all of our investors have thus far desired their money reinvested as the loans matured. In the majority of cases, we have renewed maturing mortgages, either for the amount of the original loan or with the loan somewhat reduced, though during the last few months quite a large part of our maturing loans have been paid in full out of the savings of the borrowers, as we have now fairly entered upon a debt-paying period. In renewing loans, if for a term of three or five years, we make the renewal either by signing up new papers, or writing an extension contract with new coupons, which are executed by the original borrower, or, if the property has been sold, by the present owner of the real estate, and forwarded to the holder of the mortgage, to be filed with the original papers. In some cases, borrowers desire to pay at an early day after maturity, and, with consent of lender, extension is granted with the privilege of making payment as early as possible. In loans that have not proved in every way desirable, we of course do not make either extension for definite time or renewals, but secure payment as early as possible.

We wish to add a word in favor of

FARM LOANS.

There has been so much newspaper talk disparaging to farm loans, arising, as heretofore explained, from the experience of in-

vestors through reckless companies, or in new districts unfitted for agriculture, that some investors make an unjust discrimination against farm loans. As is shown by the facts before recited, farm loans in these northeastern counties of Kansas are not only secure and desirable, but they are among the very best possible investments that any person can hold.

We scarcely need to suggest to our investors that the first consideration is not high rate of interest, BUT SECURITY. The frequent assertion that the Western farmer can easily pay high rates is without sufficient foundation. Debt is a burden everywhere, West or East, and the net reward of toil in the productive industries, the amount that can be laid by after affording a livelihood to the toiler, whether upon the farm, in the shop, or in business, is not so large as to justify an extravagant rate of interest. Money is abundant, awaiting only assured safety for investment. Long-time municipal and State bonds, bearing 3 to 4 (and in some cases as low as $2\frac{1}{2}$) per cent. interest, are promptly taken at par, while railroad and manufacturing securities have an uncertain value. A good coupon note, running five years, on which you receive your interest regularly and promptly at your office or home, without care or expense, secured by a mortgage on real estate having an established value based on its producing power either in rents or agricultural products, in a rich agricultural region, and on a security which, from personal knowledge or the examination of a reliable agent on the ground, you can know to be as represented, is, viewed in the light of past experience, present conditions and future prospects, a desirable investment to possess. Six per cent. net to the investor now is as good a rate as 8 per cent. was 5 or 10 years ago, and we have still on our books a good many mortgages not yet matured netting the lender 7 per cent., and some of them 8 per cent.

* * * * *

We are always pleased to answer inquiries in regard to our business, our city, or our State, whether these inquiries come from our

own investors or from others. We wish especially to impress upon our investors that we wish them to ask every question on which they desire information. Sometimes there is a little delay in placing an investment for a specified sum, in getting loans for just the right amount, or in getting abstract completed. Whenever an investor has the least solicitude or uncertainty on any point, an inquiry costs but a trifle; and a question addressed through the mails, with our present facilities for communication, costs but little more trouble to reply to than though we were together face to face. We are always glad to answer every inquiry which suggests itself to the mind of any investor.

As our business is largely in Topeka and the adjacent country, our investors can easily see their securities by a short stop-over, when they are journeying through the West. We always take pleasure in showing investors or any of their friends the properties securing their loans, and in a few hours' drive can show them several hundred of our securities.

We maintain no eastern office, and employ no agents to sell, and pay no commission for selling, our loans. No one of our firm is in the East to see our investors excepting at infrequent intervals. Many of our investors, who have come to us through the kindness of other investors and friends, we have never seen. To the confidence and kindness of our investors we are largely indebted for our success. This confidence is the highest stimulus for continued careful and faithful work.

REFERENCES.

We do not, for obvious reasons, advertise the names of our investors, but we are permitted to refer to the following well-known parties. Many of them are among our earliest and largest investors, either for themselves or for trusts. A large proportion of them have made personal examination of our business methods and our mortgage securities, here on the ground, many of them

having made repeated visits. We would also refer to any of the citizens of Canton, Mass., the former home of the senior partner, in which little town we have 44 investors.

GEORGE S. HARWOOD, 220 Devonshire St., Boston.

JONATHAN A. LANE, Prest. Boston Merchants' Association, 266 Devonshire St., Boston.

GEORGE HENRY QUINCY, John Hancock Building, Devonshire St., Boston.

FRANK A. MILES, Treasurer Boston Safe Deposit & Trust Co., Boston.

MINER, BEAL & Co., 63 Summer St., Boston.

CHARLES I. THAYER, of Boston Dyewood & Chemical Co., 108 Milk St., Boston.

S. P. HIBBARD, of Fowle, Hibbard & Co., 176 State St., Boston.

A. R. WHITTIER, Roger's Building, Boston.

BENJAMIN R. JEWELL, 36 Bromfield St., Boston.

T. B. HAPGOOD, 100 Franklin St., Boston.

HON. CHARLES ENDICOTT, State Tax Commissioner, State House, Boston.

REV. WALTER C. CLAPP, 816 No. Eutaw St., Baltimore, Md.

BURLINGTON SAVINGS BANK, Burlington, Vt.

ALMET SKEEL, 115 Broadway, New York.

ROSWELL SKEEL, 115 Broadway, New York.

COLERIDGE A. HART, Attorney at Law, 140 Nassau St., New York.

PROF. GEO. N. MARDEN, Eastern Agent Colorado College, Newton Center, Mass.

HON. ELIJAH A. MORSE, M. C., Canton, Mass.

I. J. BROWN, Hyde Park, Mass.

W. R. ROWLANDS, Treasurer Colgate University, Hamilton, New York.

PROF. JAMES W. FORD, Principal Pillsbury Academy, Owatonna, Minn.

PROF. ARTHUR RICHMOND MARSH, 19 Oxford St., Cambridge, Mass.

JAMES H. JACKSON, M. D., Jackson Sanatorium, Dansville, New York.

E. N. FOSS, Treasurer and Manager of the B. F. Sturtevant Co., Jamaica Plain, Boston.

HATHAWAY, SOULE & HARRINGTON, New Bedford, Mass.

ROBERT G. BENNETT, New Bedford, Mass.

H. W. EMERSON, New Bedford, Mass.

CALVIN RAYMOND, New Bedford, Mass.

HON. WM. M. BUTLER, New Bedford, Mass.

THOS. D. DEXTER, New Bedford, Mass.

GEORGE S. FOX, New Bedford, Mass.

J. A. PICKETT, New Britain, Conn.

ANTHONY SMALLEY, Nantucket, Mass.

J. B. EVERETT, M. D., Everett, Mass.

NOAH HAMMOND, Mattapoisett, Mass.

GEORGE CORNING, Auburn, N. Y.

IN GENERAL.

The property rights of married women in Kansas are precisely the same as the rights of married men. Women may buy and sell property and do business just as independently as their husbands, and neither is responsible for the business debts of the other. The homestead, which cannot exceed 160 acres in the country or one acre in the cities, cannot be levied upon for any debt, excepting, of course, such debt as is secured by mortgage on the same. The homestead of a married person cannot be conveyed by deed or mortgage unless the instrument is executed by both husband and wife.

The legal rate of interest in Kansas is 6 per cent. when no rate is by contract specified, but any rate contracted for and not to exceed 10 per cent. is also legal. The penalty for usury is forfeiture of double the amount of the excess or usurious interest.

The release of a mortgage, if made on the original instrument, does not require to be acknowledged, but if a separate instrument, it must be acknowledged before a proper officer, under seal.

The signature to a mortgage does not require other witness, but must be acknowledged before a notary public or other authorized officer.

Owners of stock in any corporation chartered under the laws of our State, except railroad corporations, are individually liable for an amount equal to the par value of the stock.

We now have a law, passed by our last Legislature, providing for placing all banks that are not national under State supervision. Previous to this law there was no State supervision of

banks, and many fraudulent enterprises were launched under the guise of banks.

Taxes are assessed March 1, and are due and payable from and after November 1 of each year, and may be paid in full any time before December 21, or half tax may then be paid, and the remaining half paid any time before June 21 of the following year. If paid in full before December 21, a discount of 2 per cent. is allowed. We request parties desiring full information regarding taxes, and their relation to mortgage holders, to send for our "Synopsis of Tax Laws of Kansas," which is too long to be printed here.

As it was the part of wisdom for investors to go slow during the high-flying period of the boom, it is now equally wise, while prices are at the bottom, for them to secure investments in choice mortgages, or by the purchase of good real estate.

The latest railroad map of the State, or a copy of this pamphlet, will be sent on application.

T. E. BOWMAN.

H. C. BOWMAN.

F. O. POPENOE.

T. E. BOWMAN & CO.,
LOAN BROKERS,
TOPEKA, KAS.

Real Estate Loans
in the Northeastern Counties of Kansas.

Fourteen Years'
Experience, and no Dissatisfied Investor.

